

## Introduction

- 1.1 The Minister for Foreign Affairs originally referred an inquiry into the Bougainville peace process to the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) in May 1998. As a consequence of the dissolution of Parliament on 31 August 1998 prior to the federal election, the Committee ceased to exist and the inquiry lapsed. On 7 December 1998, the Minister again referred the matter to the newly-appointed Committee in the 39<sup>th</sup> Parliament. The formal terms of reference for the inquiry are listed on page xix.
- 1.2 A map of Papua New Guinea (PNG), showing its 19 provinces, is provided at page iii.<sup>1</sup> North Solomons Province is located approximately 1,000 kilometres north east of Port Moresby, and comprises two large islands, Buka and Bougainville, and a number of smaller groups of islands and atolls. At its southern end, Bougainville is barely 20 kilometres from the neighbouring Solomon Islands.
- 1.3 In the absence of recent census data, it has been estimated that Bougainville has a population of somewhere between 160,000 and 200,000 people, fewer than four per cent of the total population of PNG.<sup>2</sup>

## An Explanation of Terms

- 1.4 Throughout this report, the term 'Bougainville' has been used in the same way as 'North Solomons Province' to refer to the geographical and political entity comprising a number of islands and atolls. Where the

---

1 A map showing the two main islands of North Solomons Province and the border with the Solomon Islands is provided at page iv of this report.

2 There is no census data available for Bougainville after 1980 (A Regan, Submission, p. 544).

intention is to refer specifically to the island of Bougainville, as distinct from the Province, the expression 'Bougainville Island' has been used.

## **The Committee's Continuing Interest in Progress Towards Peace in Bougainville**

- 1.5 Issues relevant to PNG and Bougainville have been of continuing interest to the present Committee and its predecessors since the early days of the conflict. This process of continuous review stems from recognition that a stable PNG is of direct concern to Australia and the region, and that Australia has been indirectly involved in the Bougainville crisis from the outset—for example, with the establishment of Bougainville Copper Limited (BCL) and through the training and supply of the PNG Defence Force (PNGDF) under the bilateral Defence Cooperation Program.

### **Previous Reports**

- 1.6 In a report completed in December 1991, the Committee discussed Bougainville in a major review of Australia's bilateral relations with PNG. Among the recommendations in the report which were subsequently adopted was the conclusion that budget support should be replaced by program and project aid. The report also discussed human rights abuses committed by all sides during the armed conflict, and made recommendations to encourage investigation by the PNG Government of such abuses, and mechanisms for enhancing protection of human rights.<sup>3</sup>
- 1.7 Australia's interest in Bougainville was described at the time of the 1991 report as twofold—concern for the integrity of PNG and regional stability; and recognition of Australia's historical connections with Bougainville as the former administering authority, combined with the operations of Australian mining companies and Australia's assistance in the supply and training of the PNGDF.<sup>4</sup>
- 1.8 In 1994, a delegation of Members of Parliament, led by the then Chairman of the Committee, was invited by the PNG/Australia Ministerial Forum to make an assessment of the general situation in Bougainville, with particular reference to: progress towards and prospects for a political

---

3 JSCFADT, *Australia's Relations with Papua New Guinea*, December 1991.

4 *Ibid.*, p. 183.

solution; rehabilitation and reconstruction needs and the role Australia could play in meeting them; and the human rights situation.<sup>5</sup>

- 1.9 The delegation's report contained a useful summary of the colonial legacy and subsequent history to 1994 of the North Solomons Province. The delegation concluded that there could be no military solution to the conflict in Bougainville and, equally, that secession through force of arms was not an option. The report, which was tabled in the Australian and PNG Parliaments on 9 June 1994, made a number of recommendations, including support for a negotiated ceasefire, establishment of reconciliation processes, and investigation of human rights abuses. The report also recommended that the PNG Government open up the province to Non-Government Organisations (NGOs), the media and international assistance through organisations such as the International Commission of Jurists (ICJ). In a further recommendation, the delegation urged the PNG Government to establish a National Human Rights Commission.<sup>6</sup>
- 1.10 In November 1997, the JSCFADT hosted a public seminar to update its 1991 report on *Australia's Relations with Papua New Guinea*. During the seminar, the complex issues surrounding the Bougainville crisis were raised in a range of contexts: strategic issues, defence cooperation, the roles of the PNGDF and the Royal Papua New Guinea Constabulary (RPNGC), the peace process, reconstruction and restoration of civil authority. The Committee's report on the seminar, *Papua New Guinea Update: Report on Proceedings of a Seminar*, recommended that the Australian Government encourage PNG to consider inviting international observers from either the ICJ or the International Committee of the Red Cross (ICRC) to be stationed in Bougainville.
- 1.11 The Australian Government's response to the Committee's seminar report was presented to Parliament on 28 May 1998. In relation to the recommendation for international observers in Bougainville, the Government indicated that although such participation would be useful, it was too early to define an appropriate role in the peace process for international organisations. The Government response supported the strategy developed by the PNG Government, which focused on the central importance of the Bougainville Transitional Government (BTG) and on strengthening the role and function of traditional sources of authority; for example, the Councils of Elders. The response nevertheless acknowledged

---

5 *Bougainville: A Pacific Solution*, report of the visit of the Australian Parliamentary Delegation to Bougainville, 18 - 22 April 1994.

6 *Ibid*, pp. 41 - 45. The 1994 report made it clear that the delegation had been unable to meet with any representatives of the Bougainville Revolutionary Army during the visit to the Province.

that all parties recognised restoration of essential services on Bougainville as one of the main keys to success in the peace process, and foreshadowed a role for international observers in the peace process.<sup>7</sup>

## Humanitarian and Other Concerns

1.12 Apart from the immense human tragedies of the civil war on Bougainville, there has been an almost total destruction of the province's infrastructure and economy. Restoration of basic communications, health, education and other essential services, and rebuilding the North Solomons' political and economic structures, are huge tasks which will require considerable on-going external aid. Australia has been, and will continue to be, a major contributor to Bougainville's recovery.

## Interim Report: Visit to Bougainville, March 1999

1.13 In his second letter of referral to the Committee, the Minister re-affirmed his belief that there would be considerable value in a group of Committee members travelling to Port Moresby and Bougainville to enhance understanding of the peace process and to meet key participants in the peace negotiations. Accordingly a short visit from 15 to 18 March 1999 was undertaken as part of the fact-finding and inspection phase of the inquiry.

1.14 The nine-member delegation was led by Senator David MacGibbon, who was then Chairman of the Committee. The delegation was accompanied by Brigadier Bruce Osborn, ADF, a former Commander of the Peace Monitoring Group, and a delegation secretary. On 31 March 1999 the Committee presented an interim report to Parliament on the preliminary conclusions reached as a result of the discussions and inspections undertaken during the course of the visit.<sup>8</sup>

1.15 During the visit, the delegation had ample opportunity to appreciate Bougainville's rugged terrain and the difficulties that geographical factors impose on communications. Thirteen square kilometres of the land mass of the main islands consists of freshwater lakes, and around half of Bougainville's territory is made up of hills and mountains rising to around 2,500 metres. Extensive swamps exist on the west coast as well as in south

---

7 Hon Alexander Downer, MP, Minister for Foreign Affairs, 'Government Response to the Report of the Joint Standing Committee on Foreign Affairs, Defence and Trade, Papua New Guinea Update', 28 May 1998.

8 JSCFADT, *Interim Report: Visit to Bougainville, 15 - 18 March 1999*.

Bougainville. A large percentage of the land area of the main islands is covered by very dense forest.

- 1.16 The Committee reached a number of conclusions which were able to be explored further during the course of the inquiry itself. In broad terms, the delegation gained from the visit considerable insight into the problems of the peace process. While travelling by PMG (Peace Monitoring Group) helicopters and land vehicles on Bougainville Island, delegates were able to observe at first hand evidence of the almost total destruction of the island's economic, communications and social infrastructure, for example the rusting remains of destroyed buildings, pot-holed roads, and abandoned or overgrown homes, plantations and schools.
- 1.17 Meetings and discussions in Buka and Bougainville gave the delegation confidence that the peace process has almost universal support, and that the next phase would concentrate on determining the mechanisms for restoring civil administration, through negotiation between the leaders and the PNG Government.
- 1.18 One of the main benefits of the visit, from the Committee's perspective, was the opportunity the delegation members had to meet with most of the key participants in the peace process, although the delegation was not able to meet Resistance leaders, who were not in Bougainville at the time of the visit. Nevertheless, the delegation members had an invaluable opportunity to discuss a very broad range of views, and to see for themselves the actual situation in areas of Bougainville previously inaccessible as a result of the fighting.
- 1.19 Australia's pivotal role in conjunction with other regional countries in encouraging the momentum for peace to continue was acknowledged in the interim report. Nevertheless, it was also apparent that any complacency about progress towards peace would be a grave mistake. As the interim report noted, continual vigilance is required to maintain focus on the desired outcome of enabling Bougainvilleans themselves, in partnership with the central government, to determine their own future. Such an outcome is in Australia's national interest as well.<sup>9</sup>
- 1.20 Reference will be made in this report to many of the conclusions and observations contained in the Committee's interim report.

---

9 JSCFADT, *Interim Report: Visit to Bougainville*, March 1991, p. 23.

## Focus of the Current Inquiry

- 1.21 The protracted and violent conflict in Bougainville has caused the deaths of hundreds of soldiers and rebels and an estimated 10,000 to 15,000 civilians, either from the fighting, from disease and deprivation during the national government's blockade of Bougainville from mid 1990 to September 1994, or from extra-judicial executions and 'disappearances'. Nevertheless, whatever the actual figure, there is no doubt that the scale of death during the conflict was appalling.<sup>10</sup>
- 1.22 Nearly ten years of armed conflict also resulted in the almost total destruction of Bougainville's economic, political and social infrastructure. Furthermore, tensions remain high and the peace remains fragile, despite the ceasefire. After a period of substantial progress, a number of difficult issues remain outstanding and, because of the complexities of those issues, agreement will be slow, according to the Department of Foreign Affairs and Trade (DFAT).<sup>11</sup>
- 1.23 While recognising the long history of the Bougainville conflict, the Committee's present inquiry focused primarily on the continuing peace process and future prospects for peace and reconstruction. In particular, the Committee examined ways in which Australia has supported the peace process to date, and ways in which further assistance could be provided, including efforts to restore civil authority and the devastated economic, social and political infrastructure of the province.

## The Pace of Current Events in Bougainville and Port Moresby

- 1.24 It became apparent in the early stages of the inquiry that events in both Port Moresby and on Bougainville were moving with considerable speed. It therefore became necessary to update information about the peace

---

10 *The Age*, 1 May 1998; *The Courier Mail*, 11 May 1998, p. 9. However, estimates of the total loss of life during the conflict vary considerably. An AAP report on 22 September 1998 estimated deaths since 1998 at 'up to 20,000'. Sean Dorney's recent book, *The Sandline Affair*, ABC Books, 1998, p. 37, referred to a total of 'more than five per cent of the province's population of 160,000'. PMG estimates cited by Senator MacGibbon and Senator Quirke when the interim report was tabled on 31 March 1999 put the figure at 10,000 to 15,000 persons killed as a result of the war on Bougainville. In evidence, DFAT (Transcript, p. 34) cited Gerard Sinato's estimate of 20,000 deaths from causes attributable to the war. See also Anthony Regan's Submission, pp. 557-559.

11 Combined submission from DFAT, AusAID and Department of Defence, p. 490. Important outstanding issues include formation of a Bougainville Reconciliation Government (BRG), endorsement by the PNG Government of the powers of the BRG, restoration of civil authority, law and order, disarmament, and resolution of Bougainville's long-term political future. These and other major issues are discussed in Chapter 4.

process and the future of Bougainville on an almost daily basis. At the time of writing, events were still moving rapidly and negotiations are still continuing between the PNG Government and North Solomons leaders, and between the various Bougainville faction leaders on key issues such as disarmament and political autonomy.

- 1.25 For these reasons, the Committee's interim report at the end of March 1999 was presented to Parliament two weeks after the delegation's return from Bougainville. The visit took place during preparations for the recent elections to the Bougainville People's Congress (BPC) and against a backdrop of considerable social and political volatility, due in some part to the uncertainties surrounding the status of the elections and threats from some groups to boycott the elections.<sup>12</sup>
- 1.26 A whole range of issues continue to demand attention in negotiations between the PNG Government and Bougainvillean leaders on restoration of civil authority and the transition to a Bougainville Reconciliation Government (BRG), in line with the provisions of the Lincoln Agreement.<sup>13</sup> There have been constant threats to derail the fragile peace process, in the form of sharp differences of view concerning Bougainville's political future, the legitimacy of the BPC and participation in that forum, the legal challenge to the suspension of provincial government on 1 January 1999, disarmament issues, withdrawal of the PNGDF, and a wide range of social and economic problems resulting from the war. These threats to the establishment of a permanent peace are discussed in detail in Chapters 4 and 6.
- 1.27 In this report, events in Bougainville have been considered against the background of national developments in PNG and impacts on the bilateral relationship with Australia. During the latter stages of the inquiry, there was considerable political instability in the coalition government ahead of the expected vote of no-confidence, as well as speculation in Port Moresby concerning the leadership and foreign policy decisions linked to structural reform and balance of payments problems in the PNG economy. This instability culminated in the sudden resignation of Prime Minister Bill Skate on 8 July 1999.
- 1.28 Following Mr Skate's resignation, there were extraordinary political developments in the early days of the resumption of the PNG Parliament. The former Treasurer, Mr Iairo Lasaro, was elected Speaker and resigned the following day. Sir Mekere Morauta, leader of People's Democratic

---

12 JSCFADT, *Interim Report*, p. 15.

13 See Chapter 4 and Appendix G.

Movement (PDM), was elected Prime Minister in an overwhelming vote<sup>14</sup> by a 'grand coalition' which at the time included Mr Skate and his supporters, and another strong candidate, Mr John Pundari, the former Speaker and leader of the Advance PNG party. Mr Pundari had been aligned first with the PDM, then became the Government's nominee for Prime Minister and, finally, nominated the candidature of Sir Mekere Morauta after himself declining nomination by Mr Chris Haiveta for the office of Prime Minister.

- 1.29 Mr Lasaro's resignation as Speaker the day after his election was followed by the election unopposed of Mr Bernard Narokobi, the former leader of the Opposition, as the new Speaker. Mr Pundari was named as Deputy Prime Minister on 15 July 1999.

## **The Inquiry Process**

- 1.30 The inquiry was advertised initially in major Australian newspapers on 6 June 1998, outlining the inquiry and seeking written submissions. In addition, letters inviting submissions were sent to relevant State governments, federal agencies, NGOs involved in overseas development assistance, and to several academic institutions with expertise in regional affairs.
- 1.31 When the inquiry was re-established in December 1998 after the federal election, the Committee wrote to organisations, agencies and individuals who had contacted the Committee or lodged written submissions, informing them of the re-activation of the inquiry. In total, 30 primary submissions were received together with a large number of supplementary submissions and attachments.
- 1.32 The Committee held its first public hearing in Canberra on 17 February 1999, followed by hearings in Melbourne, Sydney and Brisbane in April and May. The final hearings for the inquiry were held in Canberra on 21 May and 4 June 1999.

---

14 In an unprecedented majority of 99 out of 105 MPs, according to ABC news and PNG media reports on 14 and 15 July 1999. All media articles cited in this report have been included in Exhibit 23, 'Media reports and articles relating to Bougainville: 1998 and 1999 (Folders A to L)'.



## **Structure of the Report**

- 1.33 Following the two introductory chapters, the main body of the report has been structured to reflect the formal terms of reference of the inquiry.

### **Chapter 2 - History of the Bougainville Conflict**

- 1.34 Chapter 2 discusses the causes of the Bougainville dispute, the long history of armed conflict and the unsuccessful early attempts to resolve the conflict. By the first half of 1997, however, there were a number of mutually reinforcing factors which reflected a climate for peace. One of these was the Sandline debacle in early 1997, which had the positive effect of renewing the focus on a negotiated settlement of the fighting in Bougainville.

### **Chapter 3 - Bougainville's Impact on the Bilateral Relationship**

- 1.35 Chapter 3 presents background information on the bilateral relationship between Australia and Papua New Guinea, outlines some of the major political and economic problems facing the PNG Government, and places in context the impact of the Bougainville conflict on the relationship between Australia and PNG. The chapter also discusses bilateral development cooperation and Australia's defence relationship with PNG.
- 1.36 In broad terms, the chapter also examines the framework of provincial government in PNG and developments relevant to the North Solomons Province and PNG's constitution.

### **Chapter 4 - The Peace Negotiations and the Prospects for a Permanent Peace**

- 1.37 Chapter 4 examines the stages in the peace process since the Burnham Declaration of 18 July 1997. This chapter assesses the current state of negotiations between all the parties to the conflict, and canvasses the prospects for a permanent peace settlement. Although not a party to the actual negotiations Australia, in conjunction with other regional countries, has made a major contribution to advancing the peace process through political and diplomatic efforts, through the aid program, and through the work of the PMG.
- 1.38 Notwithstanding the fragility of the current peace settlement, and the occasional setbacks which have occurred, there is room for optimism that a lasting peace can be secured, as the Committee delegation concluded during its visit in March 1999.

- 1.39 Key issues are still to be resolved, however, among them the uncertainty of progress in achieving disarmament, the role and presence of the PNGDF, re-establishment of effective provincial government and civil administration and, ultimately, resolution of 'the political issue' of Bougainville's political status. Opportunities for Australia to assist further in supporting the peace negotiations are also examined.

## **Chapter 5 - The Contribution of the Truce and Peace Monitoring Groups**

- 1.40 Chapter 5 examines the contribution made towards the peace process by the unarmed TMG and subsequent PMG operations. The background to the establishment of the regional monitoring initiative is discussed, as well as the significant contribution made by Australia to the success of the PMG in particular. The question of the likely duration of the peace monitoring operation is also examined.

## **Chapter 6 - Australia's Aid Program for Bougainville**

- 1.41 Chapter 6 examines the framework of Australia's bilateral aid program to PNG, as well as the mechanisms for providing development assistance to Bougainville in the form of a 'peace dividend'.
- 1.42 Much of the formal evidence submitted to the inquiry related to the Australian aid program and efforts to rebuild and rehabilitate Bougainville. In Chapter 6 the report assesses the scope, effectiveness and equity of aid delivery, and the scale of current and planned development projects for Bougainville. In addition, the scope for increasing the level of local participation in Bougainville aid projects is investigated. The chapter concludes with a discussion of opportunities for Australia to assist further in providing development assistance, including suggestions for revising the structure of the aid program and mechanisms for its delivery.
- 1.43 The chapter takes the opportunity to expand on many of the preliminary conclusions outlined in the Committee's interim report on the delegation's visit to Bougainville. Before the dispute erupted into war, the North Solomons Province was acknowledged as having abundant natural resources and enviable levels of health, education and other essential services. Ten years of armed conflict, however, resulted in the almost total destruction of Bougainville's economic, political and social infrastructure.
- 1.44 A large proportion of the total evidence received during the inquiry related to reconstruction and rehabilitation issues. From a variety of sources, there was both criticism and praise for Australia's assistance

programs. The Committee has reached a number of conclusions on ways in which Australia might assist further in reconstruction of Bougainville and delivery of a 'peace dividend' to as many of Bougainville's people as possible.

- 1.45 The reconstruction and rehabilitation programs which are in place or planned for Bougainville involve a massive external aid commitment. This commitment will be needed for some time to come. As well as Australia's on-going aid support, the contributions by NGOs and international agencies, and the mechanisms available to assist Bougainvilleans to secure their own future, are examined in this chapter. The important themes of reconciliation, restoration of civil authority, re-establishment of essential community services, and strategies for engaging disaffected youth and former combatants in rebuilding Bougainville are considered in detail.

